

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6909

BILL NUMBER: HB 1438

NOTE PREPARED: Jan 22, 2015

BILL AMENDED: Jan 20, 2015

SUBJECT: Adult High Schools.

FIRST AUTHOR: Rep. DeVon

FIRST SPONSOR:

BILL STATUS: 2nd Reading - 1st House

FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill provides that the Department of Education shall distribute funding for adult high schools to the adult high school's organizer. It provides that an adult high school may be authorized by the executive of a consolidated city.

Effective Date: Upon passage.

Explanation of State Expenditures: *Mayor of Indianapolis:* The bill permits the Mayor of Indianapolis to authorize adult high schools. Under current law, the Mayor can only renew a charter of an adult high school. This could increase the number of adult high schools.

Adult High School Organizer: There would be no costs to the state if the adult high school organizer receives the funding provided in the state budget for all adult high schools it operates instead of the funding being paid to each adult school the organizer operates. The state would allocate the same amount of funds to these adult high schools under this bill as under current law.

(Revised) Verification: For the Indiana Charter School Board, verifying to the Department of Education that its organizers operate the adult high schools for which the organizers have requested the funding provided in the state budget should be accomplished at little or no cost.

Department of Education: Under this bill, each adult high school organizer would have its own corporation identifier. The department should be able to assign these at little or no cost. Verifying that an organizer operates the adult high schools should be accomplished at little or no cost.

Accounting Guidelines: The State Board of Accounts should have fewer audits to review if the audits are conducted at the organizer level instead of at the adult high school level.

Additional Information: Under current law, an adult high school refers to a charter school where the majority of students who attend are either over 18 years old or did not graduate from high school. There are currently 10 adult high schools (9 Excel Centers, and Christel House Academy DORS). An additional Excel Center is scheduled to start operation in the fall of 2015. Adult high schools are funded by appropriations made by the General Assembly. In FY 2014, the average enrollment was 3,084 students with a total funding of approximately \$20.4 M. Under current law, only the Indianapolis Charter School Board is permitted to authorize adult high schools; this bill also permits the Indianapolis Mayor's Office to do so.

Explanation of State Revenues:

Explanation of Local Expenditures: *Verification:* For the Indianapolis Mayor's Office, verifying to the Department that its organizers operate the adult high schools for which the organizers have requested the funding provided in the state budget should be accomplished at little or no cost.

Accounting Guidelines: Adult high schools that have not converted to the generally accepted accounting principles (GAAP) may incur one-time costs to convert to GAAP. This may include reconfiguring or upgrading accounting software to produce financial reports that comply with GAAP, hiring consultants to develop financial statement formats or processes, and developing information that is required to comply with GAAP. Ongoing costs may include staff that is able to prepare financial statements in accordance with GAAP or consultants to oversee the financial reporting. Once GAAP processes are implemented, adult high schools may be able to save on the cost of individual audits if the audit is conducted at the organizer level, potentially lowering the cost of the audit for the school.

Explanation of Local Revenues: *Adult School Organizers:* Under current law, an adult high school is funded by appropriations made by the General Assembly. Under this bill, the amount of funding would be appropriated by the General Assembly, but funds would be forwarded to the organizer instead of directly to the adult high school. The amount of revenue a school would receive would be decided by the organizer and may be different from what the school would receive under current law. An adult high school organizer is prohibited from using its funding for expenses incurred outside Indiana. This could result in more revenue being available for in-state operations if funds were being spent outside of Indiana.

State Agencies Affected: Department of Education; State Board of Accounts; Indiana charter school board.

Local Agencies Affected: Adult high schools; Indianapolis Mayor's Office.

Information Sources:

Fiscal Analyst: David Lusan, 317-232-9592.